

ADMINISTRATION AND FINANCE COMMITTEE

DATE: August 22, 2006

CALLED TO ORDER: 5:07 p.m.

ADJOURNED: 7:30 p.m.

ATTENDANCE

Attending Members

Joanne Sanders, Chair
Paul Bateman
Vernon Brown
Becky Langsford
Lynn McWhirter
Jackie Nytes
Lincoln Plowman

Absent Members

AGENDA

PROPOSAL NO. 386, 2006 - appoints Brenda Rising-Moore to the City-County
Administrative Board
“Do Pass”

Vote 6-0

BUDGET HEARING

County Recorder
County Surveyor
Office of County Auditor
• Soil & Water Conservation District
County Administrator and County Commissioners
County Treasurer
Election Board
Voters Registration

ADMINISTRATION AND FINANCE COMMITTEE

The Administration and Finance Committee of the City-County Council met on Tuesday, August 22, 2006. Chair Joanne Sanders called the meeting to order at 5:07 p.m. with the following members present: Paul Bateman, Vernon Brown, Lynn McWhirter, Jackie Nytes, and Lincoln Plowman. Becky Langsford arrived shortly thereafter. Bart Brown, Chief Financial Officer, represented Council staff.

Chair Sanders asked for consent to move Voters Registration after County Surveyor, and County Administration and County Commissioners under the Office of County Auditor. Consent was given.

PROPOSAL NO. 386, 2006 - appoints Brenda Rising-Moore to the City-County Administrative Board

Ms. Rising-Moore said she has worked in small business for most of her adult life and she has worked in accounting and office management. She said she watched the Council meetings on Channel 16 and thinks the Council's work is interesting. Ms. Rising-Moore said she is originally from Canada, but is a naturalized American citizen and has lived in Indiana since the age of 9. She stated that she has three children and took a sabbatical four years ago to assist her youngest child through high school. Ms. Rising-Moore said she looks forward to doing community work again.

Councillor Nytes moved, seconded by Councillor McWhirter to send to Proposal No. 386, 2006 to the full Council with a "Do Pass" recommendation. The motion carried by a vote of 6-0.

Chair Sanders stated that the committee has a guest clerk, Cherrish Pryor, for the meeting because the original clerk, NaTrina Moffett, gave birth to a baby boy on Monday, August 21, 2006. Chair Sanders and the committee wished Ms. Moffett and family well.

BUDGET HEARING (A copy of the 2007 budget book is on file in the Council's Office.)

County Recorder

Dale Brewer, Chief Deputy and Suzanne Taylor, Fiscal Deputy presented the County Recorder's budget on behalf of Wanda Martin who was unable to attend.

Chair Sanders asked if there were new pages to the budget. Kim Diller, Financial Manager, Office of Finance and Management (OFM), said the only corrections were in the County Auditor's budget section and the remaining budgets were correct.

Mr. Brewer said the only major change from 2006 to 2007 was an increase in Health Insurance under Character 1. He said there was also an increase in Information Services Agency (ISA) charges under Character 3. He said some money was moved around within Character 3. The moved decreased the travel line item, Subcharacter 312, by \$20,000. The Maintenance

Agreement, Subcharacter 349, accounted for \$15,000 of the funds and Postage, Subcharacter 310, accounted for the remaining \$5,000.

Chair Sanders asked for a list of those who traveled in the Recorder's Office. Mr. Brewer said he and the County Recorder travel to conferences.

Councillor Nytes asked for information on what the Recorder's Office is responsible for and what outcomes will be achieved in 2007. Mr. Brewer said all documents that come into the office are archived. He said the Recorder's Office wanted to go online with electronic recording in 2006, but since technology is not advancing fast enough, the project is still in a 'study' mode. Mr. Brewer said the project will not be complete this year, but it is something that the next Recorder could implement. He said the software is available, but it has not been used enough to have a full understanding of how it will work in the Recorder's Office.

Councillor Nytes asked for clarification on the number of documents that are projected to be filed with the Recorder's Office next year. Mr. Brewer said it depends on the buying boon, refinancing, new homebuilding, deeds, mortgages, assignments, and releases that go through the office. He said 2003 was the banner year for recording, and the number has decreased slightly. Mr. Brewer said 2006 would be the lowest year since 2003 for recordings. He said it is hard to predict the number of transactions that will take place next year.

Councillor Nytes asked if all of the money requested in the Recorder's budget was coming from the County Recorder's Perpetuation Fund and not from the County General Fund. Mr. Clifford answered in the affirmative and said the office was funded in the same manner for 2006.

Councillor Nytes asked for the funds available in the Perpetuation Fund. Mr. Clifford said the projection is approximately \$7M by the end of 2007. He said it has been a growing fund balance. Councillor Nytes asked if the fund balance would fall below the Recorder's budget even if there were not a housing boon next year. Mr. Brewer answered in the affirmative. Ms. Taylor said the Recorder's Office could be maintained by the Perpetuation Fund for 3 or 4 years.

Councillor Brown asked for an explanation of Subcharacter 440. Ms. Taylor said most of the large computer equipment is purchased from that line item. She said money was appropriated last year to purchase a piece of a computer system and not a complete new system, but that has not occurred. Councillor Brown asked if the funds were for the new property system. Ms. Diller answered in the negative, and said the purchase is separate from the property system, and would be exclusively for the Recorder's Office. She said that if the system were purchased from the 2006 appropriations then the funds would not be needed in the 2007 budget. She said the Recorder's Office is budgeting for next year so the money could not revert to the fund balance.

Chair Sanders asked for the effect of ISA's purchases on the Recorder's Office. Mr. Clifford asked Chair Sanders if she meant the purchase of computers and laptops. Chair Sanders answered in the affirmative. Mr. Clifford said the new computer equipment is a document management system that would be a permanent storage location for documents which is outside of ISA's responsibilities.

Mr. Brewer asked Chair Sanders if they should discuss the proposed amount. Chair Sanders said she spoke with Ms. Diller and Ms. Diller would make sure the numbers are correct. Mr. Clifford said Mr. Brewer was referring to the overestimation of revenue that the Office of Finance and Management (OFM) had calculated for the Recorder's Office. He said approximately \$500,000 applies to the General Fund.

County Surveyor

Mary Catherine Barton, County Surveyor, said for 2007 she is asking for \$427,466.32 from the County General Fund which is less than the \$454,434.00 for 2006. She said \$171,676.00 is being proposed from the Surveyor's Perpetuation Fund for 2007 which is also less than the \$207,146.00 for 2006. Ms. Barton said her budget is less than last year and will save the taxpayers money. She said her total budget amount for 2007 is \$599,142.32.

Ms. Barton said that since taking office in 2005 she has assured the citizens of Marion County there is no feather bedding in the Surveyor's Office. She said the office had ten employees when she took over and now there are seven employees doing the work of ten people. Ms. Barton said that last year she requested that her staff receive a raise to cover the inflation from the last five years and she hopes they would get a 3% pay raise this year. Ms. Barton said no one in her office receives a 37.5 hours per week paycheck while at the same time receiving a check as a Township elected official. She said no one in her office transports family members and the public in county vehicles. Ms. Barton said she purchased a personal car to conduct her work and she is not reimbursed for her transportation expenses.

Ms. Barton said her office is in good shape and she is an attorney, teacher, business owner, and political and human rights activist.

Chair Sanders asked why professional services, Subcharacter 361, was reduced from \$68,000 in 2006 to \$25,000 in 2007 and asked for the contracts issued by the Surveyor's Office. Ms. Barton said she would get back to the committee regarding the reduction in professional services and contracts issued, but noted that there are few contracts let. Ms. Barton said there are over 100 surveyors in Marion County.

Chair Sanders asked if the reduction in health insurance was due to the decreased number of employees. Ms. Barton answered in the affirmative.

Councillor Brown asked if the overall budget was a 9% decrease. Ms. Barton answered in the affirmative. Councillor Brown said he appreciates the reduction in her budget and stated she is doing an outstanding job.

Mr. Clifford said the numbers input by the Surveyor's Office were the numbers used by the OFM in the proposed budget. The OFM only made changes in the ISA charges and possibly rent charges. He said the Surveyor proposed the reductions in their budget.

Bart Brown, Council's Chief Financial Officer, asked the Surveyor to double check the budget to ensure that Professional Services, Subcharacter 361, is not cut to the point that it would hinder work in 2007.

Councillor Nytes pointed out that funds in Other Services & Charges, Subcharacter 390, have not been spent this year.

Voter Registration

Kyle Walker and John Riordan, Board Members, presented the Voter Registration budget.

Mr. Walker said the 2007 budget is similar to the 2006 budget. He said there is a slight increase in Character 2 because of printing. Character 3 has some significant shifting, but the total for the Character only increased from \$391,347 in 2006 to \$438,580 for 2007. Mr. Walker said the shift in Character 3 represents a change in the way their computer system is used. Historically, the computer system was leased. In 2006, the office purchased a different voter file which caused a reduction in lease payments because Voter Registration now uses its own equipment. Unfortunately, the change in vendors also increased printing cost, but the two amounts offset each other.

Mr. Walker said there is an increase in Capital, Character 4, which could be used for additional printers or office equipment that may be needed in 2007. He said there is a slight increase in Health Insurance, Subcharacter 71, due to options chosen by the employees.

Chair Sanders asked if Character 1 would accommodate a 3% salary increase for employees. Mr. Walker answered in the negative and added that an increase is needed. Chair Sanders inquired about underspending in Character 1 as of June 30, 2006. Mr. Walker said the underspending occurred due to transition in staff. He said Character 1 spending for 2006 would be close to its appropriated amount by the end of this year, and next year Character 1 will be spent at its full amount.

Councillor Nytes said some constituents have complained about turnaround time for processing voter registration. She asked for some of the performance challenges that are facing the office because there seems to be backlog issues. Mr. Walker said the backlog issues are being taken care of, but the biggest problem came from a court order that required Voter Registration to complete certain tasks throughout the summer. He said focusing on the court order resulted in a slower turnaround time for voter registration acknowledgement notices. Mr. Walker said overtime will probably be authorized to get caught up before the election.

Mr. Brown stated that the Voter Registration Office should work with the OFM to ensure that there is enough money budgeted in Character 1 to cover Health Insurance which will be overspent by approximately \$20,000 this year.

Ms. Diller said Voter Registration has requested additional appropriations for 2006, and if additional costs occur in 2007, there will be an adjustment in the 2007 proposed budget to accommodate the needed amount.

Chair Sanders asked for the additional amount requested for 2006. Ms. Diller said the amount is for \$102,000.32 and \$15,000 of that is for overtime.

Mr. Walker said overtime is needed every year, because the office does not want to increase the number of permanent people on staff.

County Auditor

Marty Womacks, County Auditor and Terry Nelson, Chief Deputy presented the budget and distributed a handout. (See Exhibit A on file in the Council's Office along with the original set of minutes.)

Ms. Womacks said this would be her last presentation to the committee because her term as County Auditor will end in 2006.

[Clerk's Note: Councillor Becky Langsford arrived at 5:40 p.m.]

Ms. Womacks said the Auditor's Office has the following major divisions; Administration which includes payroll and settlement, accounting, and real estate. She said the Administration Division oversees the office budget by tracking expenses and paying bills. The Division is also working on a system upgrade and is responsible for city and county payroll. It also distributes approximately \$1.5 billion to 50 taxing units each year.

Ms. Womacks said the Accounting Division monitors county expenditures for all county agencies, provides accounting procedures for county agencies at this time and issued 97,113 checks totaling \$229.3 million in 2005. The number of checks issued does not include payroll, investments, loan repayments and settlement checks.

Ms. Womacks said the Real Estate Division interacts with the public most often. The Division verifies property tax deductions and exemptions, processes refunds for appeals, and administers the tax sale which recovered approximately \$4.4 million last year. She said the Auditor's Office has looked into outsourcing the tax sale process, and although 77 counties in Indiana use an outside vendor, it was found that the Auditor's Office was best equipped to handle the process. Ms. Womacks said the Division is currently evaluating a new property tax system, and that approximately 80,000 transactions take place each year because of properties that are transferred. She said the Endorsement Fee Fund can grow because each time a transaction takes place there is a \$5.00 charge that goes into the Fund. She stated that the survivorship affidavit does not require the \$5.00 fee.

Ms. Womacks said the office implemented an automatic sales disclosure filing system which will become effective on October 1, 2006. She said the office would be rearranged so the public can access terminals to complete their filings. Ms. Womacks said the office changed the filing system because the State of Indiana now requires that all Assessors file disclosure forms with the state electronically.

Ms. Womacks said there is an additional \$10,000 for the Homestead Deduction for 2007. She said the deduction would increase from \$35,000 to \$45,000. She said the reduction is for one year.

Ms. Womacks said her office has 27 full-time employees (FTE) and a proposed budget of \$951,502 for 2007. She said funds would be needed to cover the cost of employees that might be added to her staff if the court rules that the County Auditor's Office should be responsible for Accounts Payable and Payroll and not the OFM. She said the 2007 budget amount would be \$1,290,253 if Accounts Payable and Payroll become a part of her office and do not remain with the OFM. Ms. Womacks said Supplies, Character 2, was reduced \$5,000.

Ms. Womacks said under Other Services and Charges, Character 3, ISA charges were reduced by \$6.7 million because the OFM distributed ISA changes to each county agency. In the past, the Auditor's Office handled all of the ISA charges for the county agencies. She said postage, advertising and printing was increased by \$66,510 to accommodate additional expenses for tax sales. Ms. Womacks said the Welfare debt of \$35 million and the Department of Corrections (DOC) charges of \$19.8 million are being paid off.

Ms. Womacks said the office started a wellness program which is incorporated into the budget. The amount for pension under Character 1 is incorrect. She said it is public employees retirement fund (PERF) costs which should be 3% greater than what is in the budget. She indicated that the amount would be corrected.

Chair Sanders asked for an explanation of special pay/compensation. Ms. Womacks said special pay /compensation happens when the county rewards an employee if they do not receive county health insurance. Chair Sanders asked if it applies to all county agencies. Ms. Womacks answered in the affirmative.

Councillor McWhirter asked if the \$19.8 million is the Department of Corrections (DOC) amount owed for 2006 or the amount for this year and previous years. She said the current charges for DOC are being put into the court's budget and the \$19.8 million is only the debt. Councillor McWhirter asked if ongoing costs would be put in the Court's budget. Mr. Clifford said an agreement was made to have the \$56 million debt, which accrued from 2001 to mid-2005, paid back through a special debt service charge pending the outcome of a court case against the State regarding the DOC charges. He said the debt service charge was first collected in 2006 and will be collected until 2008. After 2008, all of the previous charges will be paid off. Councillor McWhirter asked if the \$19.8 million goes towards the \$56 million. Mr. Clifford answered in the affirmative. Councillor McWhirter asked if charges are incurred one year and then paid for in the following year. Ms. Womacks said the county is billed twice per year in June and October. Councillor McWhirter asked if the amount due was current for June 2006 and where the figure is located. Mr. Clifford said it was located in the court's 2007 budget.

Councillor McWhirter asked if the \$35 million welfare debt was a one time payment or ongoing. Mr. Clifford said it is a one-time payment.

Chair Sanders asked if the DOC charges were located under Subcharacter 390. Ms. Womacks answered in the affirmative. Chair Sanders asked for the breakdown of the remaining amount. Mr. Clifford said he is not sure what the money is used for but it is a part of the annual request and it is consistent with the amount from previous years. Mr. Nelson said contracts, such as the one with Valet Title Services that does title work for the tax sale, Capital Cities which provides advice to the Administration Board regarding the deferred compensation plan, Maximus that does annual reviews of expenses for government reimbursement, Barnes and Thornburg which does legal work, and individuals that do computer and accounting services are a part of the Subcharacter.

Chair Sanders asked if the Auditor's Office uses computer vendors other than ISA. Mr. Nelson answered in the affirmative and said there were two people who provided services. Chair Sanders asked why. Mr. Nelson said the major reason is their expertise. He said one person is an expert on tax increment financing (TIF), and the other person works throughout the office and handles time sensitive requests. Chair Sanders asked if the services were technical support. Mr. Nelson answered in the negative and said all technical support comes from ISA.

Councillor Nytes asked if the budget could accommodate a 3% salary increase. Ms. Womacks answered in the negative. Ms. Diller said the Character 1 budget for 2007 is based on current payroll expenses. She said the Auditor's Office is making it through this year's budget with reduced staff and turnover. Ms. Diller said there is also underspending in other areas such as health insurance. She said the 2007 budget is based on what is needed to fund the current payroll. Chair Sanders asked if the amount includes vacancies that need to be filled. Ms. Diller answered in the affirmative. Councillor Nytes asked if any of the county agencies included the 3% salary increase in Character 1. Ms. Womacks answered in the negative and said she wishes the amount could be included in the budget. Councillor Nytes said she agrees and stated that the Council needs to know if there is room to provide for salary increases.

Mr. Clifford said the city and county budgets do not include an increase for employees that are not represented by a bargaining unit. He said it is anticipated that the adjustment would occur during the reconciliation phase of the budget process. Mr. Clifford said the OFM decided to not factor in an increase for any department or agency because the city had funds to factor in a 3% increase, but the county did not. Mr. Clifford said as the budget process moves forward the OFM will try to identify funds to accommodate a 3% salary increase for employees not represented by a bargaining unit. He said they are moving forward with the assumption that the OFM will find the money for county employees. Mr. Clifford said since the county has separately elected officials, the OFM anticipates moving the pay scale forward by 3% for each pay grade, however, elected officials will be able to allocate the 3% as they see fit. He said some elected officials think more funds should go to the lower paid employees.

Councillor Nytes asked for the amount it would take to give a raise to county employees. Mr. Clifford said the amount is approximately \$5 million for city and county employees. Councillor Nytes asked if it were for non-bargaining unit employees. Mr. Clifford answered in the affirmative and said the city accounts for \$1.6 million of the amount, while the county needs the

remaining amount. He said the city and county has approximately the same number of employees, but the city has more employees represented by a bargaining unit.

Councillor Nytes asked if the budget assumes anything on other contracts. Mr. Clifford answered in the negative.

Ms. Womacks said it is always a struggle to find the money to do what needs to be done. Councillor Nytes said the situation is complicated, because non-represented employees have not received a raise in years, so it is difficult to find some justice for the employees.

Councillor Nytes asked if Maintenance and Licensing, Subcharacter 349, was a one-time expenditure for 2006. Ms. Womacks said the amount is transferred to ISA.

Councillor Nytes asked if Refunds, Awards & Indemnities, Subcharacter 376, was transferred to the departments that had the liability. Mr. Nelson answered in the affirmative and said that process started in 2006. Councillor Nytes asked if each department was responsible for settlements or lawsuits brought against them. Ms. Womacks answered in the affirmative. Councillor Nytes said that was a good direction to take and it makes a lot of sense.

Councillor Nytes said that the Auditor's handout refers to the city, but there was no verbal reference to the city in the Auditor's presentation. Councillor Nytes asked if that was due to the fact that things are still being worked out with the OFM. Ms. Womacks answered in the affirmative. Mr. Clifford said the Accounts Payable and Payroll money is currently in the OFM's budget, but would be moved to the Auditor's budget depending on the outcome of the court case. He said the effect to the overall budget would be zero.

Councillor Brown asked for an explanation of Professional Services, Subcharacter 361. Ms. Womacks said it was for an audit this year, and the cost will be transferred to the OFM next year. Councillor Brown inquired about the line item's low balance. Mr. Clifford said the money was encumbered. Ms. Womacks said the encumbered funds may not be expended, but they are encumbered because of contractual responsibilities. Councillor Brown asked if the line item was reduced because the audit will be the responsibility of the OFM next year. Mr. Clifford answered in the affirmative and said there will be a corresponding increase in the OFM's budget.

Councillor Bateman asked for an explanation of the increase in Printing Services, Subcharacter 341. Ms. Womacks said there is an anticipated shortfall in 2006 for printing due to the tax sale. She said a new federal law requires the Auditor's Office to notify more people about tax sales. Ms. Womacks said the office transferred funds in 2006 to accommodate the increased number of notification of tax sales.

Chair Sanders asked for a breakdown of Subsidies, Subcharacter 380. Ms. Womacks said \$1 million is for Noble and the remaining is distributed to mental health agencies. Chair Sanders asked if the Fair, and Soil and Water were included. Mr. Nelson answered in the affirmative. Chair Sanders asked for a breakdown and said there appears to be an increase. Ms. Diller said the increase is for the mental health contribution, because the state law determines the amount

based on the percentage of the maximum tax levy. She said Soil and Water gets \$132,000, Noble Center gets \$1 million, and the Fair Board gets \$80,000.

Ms. Womacks said the rest is distributed among five mental health providers. Ms. Diller said the budget for the mental health providers is \$3,981,144. Mr. Clifford said that amount is 4% higher than 2006. He said the funding is a percentage of the General Fund. Chair Sanders asked why the amount budgeted for Subcharacter 380 was \$5,320,144. Ms. Womacks said Soil and Water, the Noble Center, and the Fair Board is included in the amount.

Chair Sanders asked where funding for the Marion County Cooperative Extension is located. Mr. Clifford said the agency went before the Council's Community Affairs committee. Chair Sanders asked if their budget was included in Subcharacter 380. Ms. Diller said they have a separate budget. Mr. Clifford said their budget can be found in the Community Affairs portion of the budget book.

Councillor Nytes asked if unemployment compensation were a part of the Auditor's budget because it is countywide expense. Ms. Womacks answered in the affirmative. Councillor Nytes asked how unemployment compensation is handled by the city. Ms. Diller said it is allocated among the departments. Ms. Womacks said the Controller is hopeful that the same thing might happen on the county side. Mr. Nelson said the program is administered by the city's human resources department.

Councillor Brown thanked Ms. Womacks for her hard work and dedication to government.

Chair Sanders asked if bonuses would be given out in the Auditor's Office this year. Ms. Womacks answered in the negative.

Chair Sanders asked for the status of reconciliation. Mr. Steve Dyson, Accounting Deputy said they are working with the Treasurer's Office to reconcile. He said entries have been made and now the reconciled items need to be identified. Chair Sanders asked through what date the reconciliation would be completed. Mr. Dyson said until December 2005. Chair Sanders asked for the reconciliation status for the period between January 1, 2006 and June 30, 2006. Mr. Dyson said most of the corrections have been done for what is called "month 13" of FAMIS. He said once those corrections are done, they will automatically go into a new beginning balance for 2006. Mr. Dyson said if no major errors occur in 2006 then the reconciliation will go month-to-month and will be quickly caught up for 2006. Chair Sanders asked for the projection date of when the reconciliation will be caught up and if it would be done by the end of September 2006. Mr. Dyson answered in the negative and said 2005 reconciliation should be complete by the end of August and then month-to-month reconciliation will begin. He said the County General Fund, and the State and Federal Grants Funds are the most difficult. The others are relatively easy to reconcile.

County Administrator

Ms. Womacks said the County Administrator's budget is similar to the past. She said countywide expenses are paid from this budget such as auto insurance, workers compensation claims, and property insurance.

Councillor Nytes asked if the County Administrator's budget should continue to be a separate budget since it only has funds budgeted in five categories. Ms. Diller said the budget has been cut back and there has been discussion about dealing with the County Administrator's budget as a non-departmental budget.

County Commissioners

Ms. Womacks said County Commissioners in Marion County have a role that is different from Commissioners in the other 91 counties. She said the Commissioners include the County Auditor, Assessor, and Treasurer. Ms. Womacks said County Commissioners oversee the township trustee relief appeal hearings. She said the hearings are the most important thing funded in the budget and are held on a weekly basis. Ms. Womacks said earlier this year the Council approved a transfer from Character 1 to Character 3 to pay a part-time person to conduct the hearings. She said County Commissioners also oversee surplus property, which is property that has gone through a tax sale and the County Commissioners take title of the property. Ms. Womacks said the County Commissioners also oversee the Guardian Home which has a separate budget from the County Commissioners. She said the County Commissioners do not oversee roads, streets, and bridges, nor do they pay bills like other County Commissioners in Indiana.

Councillor Nytes asked if the County Commissioner's budget, not the County Commissioners position, could be eliminated if fiscal responsibility is moved to another agency. She said that assigning the County Commissioners budget to an existing budget would simplify things in the long run. Ms. Womacks said the hearings are already organized by the Auditor's staff.

Councillor Nytes said the reason for consolidating the County Administrator's budget and the County Commissioner's budget into other budgets is because it will show the real structure of government in Marion County. She said the County Commissioners in Marion County no longer serve a significant purpose. Ms. Womacks said overseeing the Guardian Home is a major responsibility for the Marion County Commissioners. Councillor Nytes said she also has a suggestion on how the Guardian Home should be handled. Ms. Womacks agreed.

Soil and Water Conservation District

Mark Cox, board member and Ron Lauster director passed out materials (See Exhibits B, C, D on file in the Council Office along with the original set of minutes.) and gave the presentation.

Mr. Cox said the Soil and Water Conservation District (SWCD) has been in existence since 1969 to serve Marion County and help landowners with land use issues, drainage, soil erosion, and water quality. He said SWCD provides technical assistance to landowners and educational

information regarding natural resources in the county. He said the SWCD is a state unit of government, but the primary part of their budget comes from the city and county. The state provides few funds to the budget. Mr. Cox said SWCD works closely with local government, organizations and landowners. He said the SWCD goes onto private land to help landowners regarding natural resource issues. The City, County and State primarily work on public lands. Mr. Cox said the SWCD forms a good conservation partnership with local, state and federal governments.

Mr. Cox said SWCD is asking for a budget of \$160,000 for 2007. He said the biggest budget item this year is office space because the SWCD will now pay rent. He said in past years, rent was provided through the US Department of Natural Resources (USDNR). He said the USDNR has cut back on funding which has forced them to pick up the cost. Mr. Cox said SWCD would like to give a 3% salary increase to its employees. He said office expenses have also increased. Mr. Cox said they are trying to raise money through tree sales and they are pursuing state and federal grant dollars to offset some of the budget shortfall.

Chair Sanders said that some budgets are being maintained at last year's levels. She asked if SWCD had plans for who should be approached for rent. Mr. Laster said they have been looking at several locations. He said they are renegotiating with their current facility. Mr. Laster said they were looking at another space, but the hidden costs made the rental fee higher than what is currently being paid. Chair Sanders asked if there were a current source for the funding. Mr. Laster answered in the negative. He said in the past the federal government provided rent as a part of their in-kind contribution, but since they had reductions, the federal government is asking local entities to pick up some of the cost. He said this is happening all over the country. Chair Sanders asked if the federal government has withdrawn other in-kind contributions. Mr. Laster said it has been rent and some telephone expenses. He said USDNR is trying to reduce their overhead. Mr. Laster said they are still providing technical assistance and the person that covers Marion County also covers Hendricks County.

Councillor Nytes asked for an explanation of the report that Councillors receive from SWCD and how review sites are determined. Mr. Laster said the Department of Metropolitan Development (DMD) has requirements and the Indiana Department of Environmental Management has passed down reviews of stormwater and erosion control which is referred to as Rule 5. He said DMD is uncomfortable doing some stormwater reviews. DMD asked them to review and comment on erosion sites and the precautions that developers take as it relates to erosion control. He said Rule 5 states that anything over one acre of disturbance must have an erosion control plan. Mr. Laster said that there are three types of letters sent out that are related to erosion. One letter states the site was reviewed and no problems were found, another states problems were found and need to be corrected by working with DMD. The last letter states there are some serious problems and if the problems are not worked out the site may be referred to IDEM for further action. Mr. Laster said the report that the Councillors receive generally identifies sites where there is not a major problem. He said that Councillors like getting the letters because it allows them to know what is happening in their neighborhood.

Councillor Nytes asked if Marion County was the service area for SWCD. Mr. Laster answered in the affirmative. Councillor Nytes stated that since they are a part of state government they cannot be consolidated into another agency or department. Mr. Cox said consolidation has been discussed but their employees are not city or county employees. He said the employees are paid through the district, so they do not have any retirement or health insurance from the city or county. Councillor Nytes said the function of SWCD has a lot of overlap with the Department of Public Works (DPW) and DMD. She said maybe one day there could be some efficiencies if SWCD were joined with DPW or DMD.

Mr. Cox said they are working on a memorandum of understanding with the Cities of Lawrence and Speedway to do their work. Mr. Cox said they are a natural resource agency and there is an issue of where they fit in the overall government structure.

Ms. Diller said last year the OFM proposed a zero budget for SWCD, thinking that DMD and DPW could do the work, but after speaking with both departments it was realized that DMD and DPW need SWCD, and they are good partners with the city agencies. She said OFM did not think about moving the SWCD into DMD and DPW.

Councillor Nytes said it should be looked at from a financial standpoint and a physical standpoint. She said many of their phone calls and emails are probably to the staff of DMD and DPW and everyone could benefit from having SWCD closer. Councillor Nytes said she is not sure that the city's rent would be less than the \$14,000 per year they are currently paying, but the association should be looked at because it might be an opportunity to do something better for SWCD and also provide more benefits to the city and county.

County Treasurer

Mike Rodman, treasurer and Tom Creasser, chief deputy gave the presentation (A copy of the presentation, Exhibit E, is on file in the Council's Office along with the original set of minutes.)

Mr. Rodman said the job of the Treasurer's Office is to collect and account for taxes. He said they try to follow all state and local laws. The Treasurer's Office also provides clear and concise tax information to citizens. Once taxes are collected, the Treasurer's Office tries to get the highest yield when investing the money. Mr. Rodman said Mr. Creasser has been successful in exceeding the revenue that was budgeted. Last year, revenue almost doubled the amount expected. The increased amount was due to the implementation of a competitive bidding process for banks that were interested in doing business with the Treasurer's Office. Mr. Rodman said that once the money is collected the office distributes the money. He said earlier in the year the committee was provided with an analysis of how the funds are received and where the funds are allocated.

Mr. Rodman said the Treasurer's Office prints 600,000 property tax bills that are mailed to homeowners and businesses. He said 154,000 tax information notices are mailed to homeowners that have their taxes escrowed by a mortgage company. Mr. Rodman said the information notices are mailed to homeowners; because it is important for them to know their tax liability. He said the office receives a lot of calls from homeowners with questions regarding their escrow

account. Mr. Rodman said 322,000 bills and files are sent to various mortgage servicers. He said that Mr. Creasser was successful in lowering the cost of printing in 2005. In 2006, printing costs were decreased by an additional \$22,983, even though postal rates increased. Mr. Rodman said when postal rates increase in 2007 it will be a challenge to stay within budget.

Mr. Creasser gave the following breakdown of how property tax collections were paid by property owners in the spring 2006:

▪ Credit Cards -	\$2,069,177	at	0.4%
▪ Automatic Debt-	\$6,713,177	at	1.2%
▪ At Banks	\$13,515,723	at	2.5%
▪ At Treasurer's Office	\$104,182,383	at	19.3%
▪ By mortgage servicers	\$132,317,635	at	24.5%
▪ Lock box (mail)	\$281,203,704	at	52.1%

Mr. Creasser said the Treasurer's Office also collects fees for assessments by the City of Indianapolis and Excluded Cities. Those are:

▪ Stormwater	\$8,175,614 – City of Indianapolis
▪ Solid Waste Fee	\$4,290,014 - City of Indianapolis
▪ Health and Hospital Corp.	\$312,557
▪ Sewers	\$639,224 (DPW and Excluded Cities)
▪ Weeds	\$170,400 (DPW and Excluded Cities)
▪ DMD	\$185,747

Mr. Creasser said that the Treasurer's Office would like property taxpayers who escrow through the Treasurer's Office to use the automated debiting process once there is a new property system. That would allow the Treasurer's Office to collect money earlier and invest it earlier.

Chair Sanders asked if Excluded Cities compensates the Treasurer's Office for collections. Mr. Creasser answered in the negative.

Councillor McWhirter asked how the Treasurer's Office corrects the shortfalls in the escrow accounts that they handle. Mr. Rodman said the Treasurer's Office has a good idea of what the escrow amount should be. He said they prefer to collect a little more than the actual amount so there is a cushion for any possible shortfall. Mr. Rodman said if people paid monthly and directly, then the money would be invested sooner. He said some property taxpayers round their tax bills up, and those additional dollars go into a surplus account for the taxpayers. Mr. Rodman said the taxpayer can request that the money be applied to the next tax bill or be refunded. He said only ¼ of taxpayers have their payments escrowed.

Mr. Rodman said some mortgage companies cause a problem when they submit a check with a stack of escrow bills, but the amount of the check does not balance with the amount of the escrowed bills submitted to the Treasurer's Office. Mr. Rodman said if a shortfall occurs, a problem is created because there is no way to determine whose escrow bill was not paid in full and who should be assessed a penalty.

Mr. Rodman said taxpayers, particularly elderly taxpayers on fixed income, want to pay on a monthly basis because they receive their pension and social security checks on a monthly basis. He said it is hard for them to put a little money aside each month to save up for a lump payment because emergencies may arise and they would need to use the money for the emergency.

Mr. Rodman said they have a lot of incorrect addresses on file and therefore, a lot of mail is returned. He said if they had a new property system, the Treasurer's Office would be able to correct addresses. Currently, the Treasurer's Office cannot make an address correction, and that is frustrating to the homeowner. The current property tax system only allows Township Assessors to make address corrections. Mr. Rodman said if the Treasurer's Office could make address corrections, then money would be saved and it would save taxpayers from getting into arrears.

Mr. Creasser said in the month of June over \$688 million was distributed by the Treasurer's Office.

Mr. Creasser said when people pay by credit card they are assessed a fee by the credit card company. The sliding scale average fee was 3.38%, but now it is a fixed rate of 3% that the taxpayer must pay. He said the amount goes to the vendor and the Treasurer's Office does not get involved with the transactions, although the Treasurer's Office was instrumental in getting a lower rate for the taxpayers. Mr. Creasser said they believe the amount will be lowered again. Mr. Creasser said the number of banks that will accept tax payments has also increased.

Mr. Rodman said some financial institutions were not on the approved list of banks to receive taxpayer deposits. He said they worked with those banks to get them approved by the state.

Councillor McWhirter asked if there was an additional fee for paying banks and if banks were compensated for receiving payments. Mr. Rodman said each bank has their own policy. Some banks do not charge their customers for the service and some banks do.

Councillor Nytes asked for the current system used to correct addresses. Mr. Rodman said a form must be filled out for an address correction and the form is placed in a box for the Township Assessors to make the change. He said some taxpayers have found it difficult to get their address corrected by the Township Assessor, and there is not a direct penalty to Township Assessors if an address is not changed. Mr. Rodman said he is not suggesting there should be a penalty, but there is not a benefit to the Township Assessors to ensure that bad addresses are corrected. Mr. Rodman said that some Township Assessors do a good job when it comes to correcting addresses. Councillor Nytes said she has a constituent that has been trying for three years to get their address corrected.

Mr. Rodman said they manually research over 600 parcels each month that may be up for foreclosure and a Sheriff's sale. The office also researches property records on over 6,000 government employees in Marion County to ensure they are not delinquent on their property tax bills. If an employee is delinquent there is a procedure for taking the money from their paycheck.

Mr. Rodman said over 10,000 demand notices and 5,000 clerk judgment letters are mailed from the office.

Mr. Rodman said the Treasurer's Office conducts the property tax sales. He said the sales normally last for three days. Mr. Rodman said his office distributes information and keeps a record of the people that attend the sales. He said 1,150 properties were sold in 2005, and \$4.4 million, over expenses, was collected. Mr. Rodman said there are over 4,000 properties that were certified to the County Auditor that will be eligible for sale on September 21, 2006. He said the sale is a way to raise money that is needed for the General Fund.

Mr. Rodman said the County Commissioners sell county owned surplus property and make appointments to various boards.

Mr. Rodman said the Treasurer's Office has two people that handle bankruptcies and attend hearings to ensure that the County's interest in the property is protected. He said the office also does clearances for anyone that needs a permit or license. Mr. Rodman said they make sure that people seeking a clearance are current on their property taxes.

Mr. Rodman said in 2005, the amount of work sent to the collection agency was increased and the amount collected was \$2.4 million which is a 125% increase from 2004. Mr. Creasser said five people on staff spend all of their time answering the phone. He said as it gets closer to the payment date the number of calls increase. Mr. Creasser said the office also receives phone calls for bankruptcy and collections.

Mr. Creasser said that in 2005 the Treasurer's Office made over \$7.7 million in interest. In 2006, that amount was \$6.7 million by August 22. He said the increase is due to increased rates, and bank specials. Mr. Rodman said some banks are offering good rates that are not being published to the public.

Mr. Creasser said Character 1 increased by nearly \$100,000 due to Health Insurance. He said Character 3 increased due to the number of bills that may be printed next year. He said printing was a shared expense by other county agencies, but the cost will now be in the Treasurer's budget. He said it also increased because Postage, Subcharacter 310, will increase next year. There are also Warrant Agreements, Subcharacter 349, for the cashier system that must be maintained. Mr. Creasser said under Professional Services, Subcharacter 361, an attorney is used for bankruptcies, and an accountant is used for financial services. He said some bonds are not covering all their expenses, and Family and Children Services costs are higher than anticipated.

Councillor Nytes asked for an explanation for staff turnover in 2006. Mr. Rodman said someone moved out of the state and some people got jobs with the State of Indiana. Cindy Land, deputy treasurer, said some temporary people that worked as seasonal cashiers were terminated and that may account for the turnover rate. She said there is not a high turnover rate for full time employees. Mr. Rodman said a few people left, but they have tried to keep the experienced staff,

because they know how the office operates and they know the customers. Mr. Creasser said two people left this year. One retired and the other left because of marriage. He said there are 28 people on the staff.

Councillor Brown asked for an explanation of Interest, Subcharacter 379. Mr. Creasser said the interest rates next year will be higher and the Family and Children Services tax anticipation bonds need to be higher because the second half of 2006 does not cover the cost. Mr. Rodman said the budgeted amount for 2006 was not enough. Mr. Creasser said the expense was picked up during the second half of 2005. Mr. Clifford said the Family and Children Fund was underbudgeted at the beginning of the year and the OFM did not seek bonds for the \$35 million shortfall until late Spring. He said Family and Children Services caused the early draw down of all tax money and that caused the interest expense to increase. Mr. Clifford said interest rates are expected to be higher in 2007. Mr. Rodman said the interest was previously in the County Auditor's budget and was placed in the County Treasurer's budget the latter part of 2005. Mr. Clifford said another appropriation was made, but it is not reflected in the 2006 budget because of delays.

Councillor Nytes asked if Subcharacter 379, for \$529,000, would be revised again to reflect the added appropriation. Mr. Clifford answered in the affirmative.

Councillor Brown asked for an explanation of TMA. Mr. Rodman said his administration was not involved with the initial negotiations. He said the program was sold to Township Assessors with the understanding that for every \$4 collected, \$3 would stay with the local unit of government. Mr. Rodman said it has not worked out that way. He said TMA billed \$5 million, \$4 million has been collected and \$1 million was refunded. Mr. Rodman said it has not cost the County, but it has not turned out to be a good deal for local government.

Councillor McWhirter asked if TMA had completed its work in Marion County. Mr. Rodman said they are not a part of the contract. The nine Township Assessors signed the contract. Chair Sanders said additional questions should be referred to the Township Assessors when they present their budgets.

Election Board

Doris Ann Sadler, Marion County Clerk, and Chari Burke, chief deputy presented the budget. Ms. Sadler passed out a copy of the budget request (See Exhibit F on file in the Council's Office along with the original set of minutes).

Ms. Sadler said that more money is needed for new things that are happening at the Election Board. She said the last three and a half years have been active with items such as new voting machines and new federal laws. Ms. Sadler said nothing major is scheduled for 2007, but that does not mean the State Legislature will not require changes during the 2007 session of the General Assembly, which will require additional funds. She said the budget for 2007 is almost identical to the 2006 budget. Ms. Sadler said there is a difference between the 2006 appropriations and the 2006 request. She said they are working with the OFM to finish funding the November 2006 election. Mr. Sadler said the 2007 budget is similar to budgets from the

past. She said it was difficult to put the budget together this year because spending was not known in some areas and money was used from the County Clerk's budget to cover the budget challenges of the Election Board while the funding issue for the November 2006 is being resolved.

Mr. Sadler said the transportation and machine delivery budget is less than requested this year, because the election vendor did not have the electronic ballots ready to use for the machines for persons with disabilities. She said any leftover money would be needed for the 2007 elections.

Councillor Nytes asked who produced the Election Board's budget that was distributed at the meeting and a correlation between it and the budget in the budget book (A copy of the 2007 budget book is on file in the Council's Office). Ms. Sadler the last column of the handout with the title "2007 OFM" should be in the budget book.

Chair Sanders said she could not locate Special Pay/Compensation, Subcharacter 50, on the Clerk's handout. Mr. Clifford said it was located on page 3 of the handout under Election Day Preparation.

Councillor Nytes asked if another level was added to the budget that was handed out. Ms. Sadler answered in the affirmative.

Ms. Sadler said there was one \$90,000 appropriation for 2006 to cover part of what was needed to get through the year. She said the Election Board still needs approximately \$385,000 through the end of year.

Councillor Nytes asked why the budget did not have enough money for the 2006 elections since everyone knew the elections were going to happen. Ms. Sadler said when the budget was approved last year, the Election Board was aware that it was not enough to fund the 2006 elections. Mr. Clifford said the budget was put together in 2005 and the 2006 budget was based on the previous year expenses. He said the OFM probably did not include everything. Ms. Sadler said she thinks the 2005 numbers were used, but there were no elections in 2005. She said what was requested for 2006 greatly outweighed what was spent in 2005 and by the time the budget was produced it was too late to change the numbers and it was decided to address the shortfall later.

Councillor Nytes asked if the shortfall was known ahead of time. Ms. Sadler answered in the affirmative and said there was a discussion on the shortfall. Councillor Nytes asked if there would be an additional appropriation before November. Ms. Sadler said she hoped to have the appropriations by then.

Ms. Diller said the OFM is working the Election Board to figure out the amount needed. She said \$90,000 has been added to Character 1 because of transfers from other characters. Ms. Diller said they wanted to see what was left from the May 2006 elections and now they will analyze the budget to see what additional dollars are needed. Ms. Sadler said they predict an additional \$385,000 is needed to get through the end of the year.

Councillor Nytes asked if the issue would be resolved and the money accounted for before the Council votes on the final budget. Ms. Diller answered in the affirmative.

Mr. Brown asked if any contracts need to be made prior to the election. Ms. Sadler said most of the printing will happen before the election and other services will be billed on a contractual basis after the election.

Chair Sanders asked if there was any compensation from ES&S to offset some of the election expenses. Ms. Sadler said there was a \$2 million settlement in 2005 for previous issues. She said the Election Board is pursuing monetary compensation for problems that occurred in the May 2006 primary. Ms. Sadler said the Secretary of State also announced a settlement with ES&S for the entire state, but Marion County will still pursue its own compensation from ES&S because the State's settlement does not cover all of the damages suffered in Marion County. She said a dollar amount has been assessed to some of the damages, such as temporary employees that were hired to do work, but sat idle. Ms. Sadler said some damages are hard to assess a dollar amount, such as the inability of the machines to read Washington and Decatur Township School Board ballots. She said they are working with the Office of Corporation Counsel on the issue.

Chair Sanders asked if the Secretary of State's settlement covers other counties. Ms. Sadler said the lawsuit included Marion County and problems in other parts of the state, but it did not include monetary returns to Marion County for its services that were paid out of pocket.

Councillor Bateman asked what is being done to educate the public on the new Voter ID law. Ms. Sadler said there is no program in place for educating the public, but the Secretary of State's Office has a funded program in which there is a mailer and television commercial on the issue. She said there is nothing budgeted, but some public service announcements are being aired over the radio. Ms. Sadler said a lot of time has been spent educating poll workers on the issue.

Chair Sanders asked if the poll workers are predominately inspectors and judges that worked in previous elections. Ms. Sadler answered in the affirmative and said it also included clerks. Chair Sanders asked if there would be a similar program for the November 2006 poll workers. Ms. Sadler said there would be a video for the inspectors, and the Office of Voter Registration would assist with clerk's training. She said clerk and judge training is now mandatory. She said her staff would assist with the judge's training and a lot of time would be spent on the Voter ID law.

Councillor Nytes asked for an explanation of staff turnover. Ms. Sadler said the Election Board had six staff positions and the number was reduced to four in 2005. She said one employee has left, because there will be a new Clerk after the November 2006 election. Ms. Burke said that temporary and seasonal workers might also be a part of the turnover rate. Councillor Nytes said that is probably the case, because the report indicates that there were 14 people terminated from January to August. Ms. Sadler said temporary workers are hired from an agency and part-time workers are sometimes hired, so those terminations were probably included in the number. Ms.

Burke said the employees are included on the payroll so they can be terminated at the end of the election season.

Councillor Nytes asked if there were any residuals from the movie regarding Marion County's election process. Ms. Sadler answered in the negative.

Ms. Sadler distributed a spreadsheet (See Exhibit G on file in the Council's Office along with the original set of minutes.) on the loan payments for the voting machines. She said not much has changed, but the State still owes Marion County \$2.2 million which would be the last payment of federal funds. She said the payment was held because of the Secretary of State's investigation of ES&S. Ms. Sadler said they should get the check on August 24, 2006. She said once the check is received a payment will be made on the loan and then the OFM and the Bond Bank will be responsible for making the remaining payments. Mr. Clifford said the \$2.2 million will not go to the General Fund, but will be used to pay on the debt for the new voting machines.

Ms. Burke said one side of the spreadsheet shows the balance with a contribution from the County and the other side shows the balance on the loan without a contribution from the County.

Councillor Nytes asked if there is a request being made in the Election Board's budget for a payment in 2007. Ms. Sadler answered in the negative. Ms. Diller said over the last two years, the Election Board has come back to the Council to ask for additional appropriations. She said funds have been received from the State to make the payments.

Councillor Nytes said she was comfortable with the payment arrangement for the voting machines when the federal government provided some funds to cover the cost; however, since that money will be exhausted, there is a concern for how the outstanding amount of the loan will be repaid. Councillor Nytes asked for the amount that will be due in 2007. Ms. Sadler said \$4 million remains for the life of the loan. Ms. Sadler said when the machines were purchased, it was anticipated that the County's non-election year dollars, which is typically \$1.5 million, would be used to pay down the loan as well as an additional \$450,000 appropriation every year. She said the County Auditor did not agree with the appropriation and the additional \$450,000 has not been funded.

Councillor Nytes said the County Clerk and the County Auditor did not want the appropriation in their budget, so it was not appropriated. Ms. Sadler said she did not have a problem with the money in her budget because that is where it should have been funded. Mr. Clifford said at one point the County was to be reimbursed \$9 million out of \$11 million from the state and federal government. He said the amount of reimbursement has fallen short of that amount. Mr. Clifford said the County Clerk and the Bond Bank are considering other options to get more money back. He said there would be a multi-million dollar balance when the note needs to be renewed, and it is likely that it will be financed and added to a tax debt service at that time. He said that will not be done now because there is still hope that the County will get more money back, and there is still the issue of the Department of Family and Children Services (DFCS) loan that will be levied as a debt service tax rate. He said after 2007 the DFCS issues should be over and that will be the time to pick up the Election Board debt.

Councillor Brown thanked Ms. Sadler for her service as the County Clerk and her work on the Criminal Justice Planning Council (CJPC). He said the CJPC came up with some solutions to public safety issues and that was important. Councillor Brown said that he hopes she is allowed to stay on the CJPC after her term as County Clerk ends.

Ms. Sadler said she hopes to stay involved through her capacity as vice president of the Bar Association.

Ms. Sadler said the movie on the elections in Marion County portrays Indianapolis positively. She said Indianapolis has received a lot of positive comments from around the country as it relates to the movie. She said the movie is non-partisan and it shows people working together to run the election. Ms. Sadler said the movie also shows that elections are very difficult and they lack sufficient poll workers. She said a lot of people did not know that elections need volunteers. Marion County requires 5,000 volunteers for its election.

CONCLUSION

With no further business pending, and upon motion duly made, the Administration and Finance Committee of the City-County Council was adjourned at 7:30 p.m.

Respectfully submitted,

Joanne Sanders, Chair
Administration and Finance Committee

JMS/csp